

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

31 May 2003

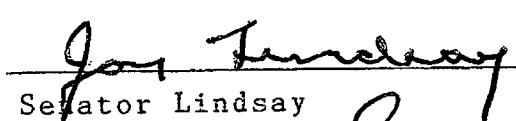
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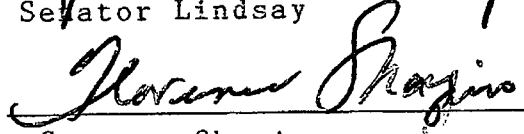
Honorable David Dewhurst  
President of the Senate

Honorable Tom Craddick  
Speaker of the House of Representatives

Sirs:

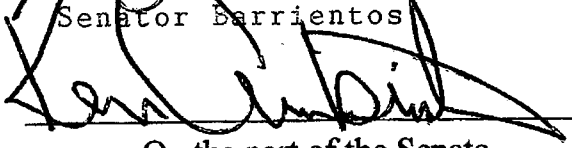
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on C.S.H.B. 1541 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

  
Senator Lindsay

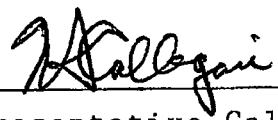
  
Senator Shapiro

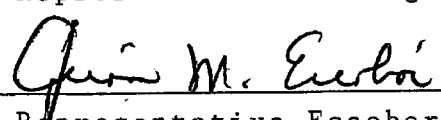
  
Senator Averitt

  
Senator Barrientos

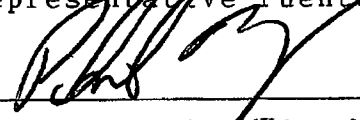
  
On the part of the Senate

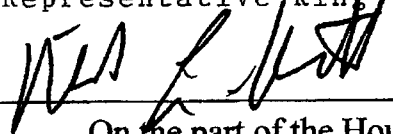
Senator Armbrister

  
Representative Callegari, Chair

  
Representative Escobar

  
Representative Puente

  
Representative King

  
On the part of the House

Representative Hardcastle

## Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 1541

A BILL TO BE ENTITLED

AN ACT

relating to the general powers and authority of water districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 388.005(a), Health and Safety Code, is amended to read as follows:

(a) In this section, "political subdivision" means:

(1) an affected county; or

(2) any political subdivision in a nonattainment area or in an affected county other than:

(A) a school district; or

(B) a district as defined by Section 36.001 or 49.001, Water Code, that had a total annual electricity expense of less than \$200,000 in the previous fiscal year of the district [~~in a nonattainment area or in an affected county~~].

SECTION 2. Section 43.0751(a)(3), Local Government Code, is amended to read as follows:

(3) "Strategic partnership agreement" means a written agreement described by this section between a municipality and a district [~~that provides terms and conditions under which services will be provided and funded by the parties to the agreement and under which the district will continue to exist for an extended period of time if the land within the district is annexed for limited or full purposes by the municipality~~].

SECTION 3. Section 43.0751, Local Government Code, is

1 amended by amending Subsections (d), (f), and (i) and adding  
2 Subsection (q) to read as follows:

3 (d) Before the governing body of a municipality or a  
4 district adopts a strategic partnership agreement, it shall conduct  
5 two public hearings at which members of the public who wish to  
6 present testimony or evidence regarding the proposed agreement  
7 shall be given the opportunity to do so. Notice of public hearings  
8 conducted by the governing body of a municipality under this  
9 subsection shall be published in a newspaper of general circulation  
10 in the municipality and in the district. The notice must be in the  
11 format prescribed by Section 43.123(b) and must be published at  
12 least once on or after the 20th day before each date. Notice of  
13 public hearings conducted by the governing body of a district under  
14 this subsection shall be given in accordance with the district's  
15 notification procedures for other matters of public importance.  
16 Any notice of a public hearing conducted under this subsection  
17 shall contain a statement of the purpose of the hearing, the date,  
18 time, and place of the hearing, and the location where copies of the  
19 proposed agreement may be obtained prior to the hearing. The  
20 governing bodies of a municipality and a district may conduct joint  
21 public hearings under this subsection, provided that at least one  
22 public hearing is conducted within the district. [~~A municipality~~  
23 ~~may combine the public hearings and notices required by this~~  
24 ~~subsection with the public hearings and notices required by Section~~  
25 ~~43.124.~~]

26 (f) A strategic partnership agreement may provide for the  
27 following:

1           (1) limited-purpose annexation of the district on  
2 terms acceptable to the municipality and the district [~~under the~~  
3 ~~provisions of Subchapter F~~] provided that the district shall  
4 continue in existence during the period of limited-purpose  
5 annexation;

6           (2) limited-purpose annexation of a district located  
7 in a county with a population of more than 3.3 million:

8                 (A) only if the municipality does not require  
9 services, permits, or inspections or impose fees for services,  
10 permits, or inspections within the district; and

11                (B) provided that this subsection does not  
12 prevent the municipality from providing services within the  
13 district if:

14                     (i) the provision of services is specified  
15 and agreed to in [~~such amendments to the timing requirements of~~  
16 ~~Sections 43.123(d)(2) and 43.127(b) as may be necessary or~~  
17 ~~convenient to effectuate the purposes of~~] the agreement;

18                     (ii) the provision of services is not  
19 solely the result of a regulatory plan adopted by the municipality  
20 in connection with the limited-purpose annexation of the district;  
21 and

22                     (iii) the district has obtained the  
23 authorization of the governmental entity currently providing the  
24 service;

25           (3) payments by the municipality to the district for  
26 services provided by the district;

27           (4) annexation of any commercial property in a

1 district for full purposes by the municipality, notwithstanding any  
2 other provision of this code or the Water Code, except for the  
3 obligation of the municipality to provide, directly or through  
4 agreement with other units of government, full provision of  
5 municipal services to annexed territory, in lieu of any annexation  
6 of residential property or payment of any fee on residential  
7 property in lieu of annexation of residential property in the  
8 district authorized by this subsection;

9 (5) a full-purpose annexation provision on terms  
10 acceptable to the municipality and the district ~~[that specifies one~~  
11 ~~of the following:~~

12 ~~[(A) the date on which the land included within~~  
13 ~~the district's boundaries shall be converted from the~~  
14 ~~municipality's limited-purpose jurisdiction to its full-purpose~~  
15 ~~jurisdiction, provided that such date shall not be later than 10~~  
16 ~~years after the effective date of the strategic partnership~~  
17 ~~agreement; or~~

18 ~~[(B)(i) terms for payment of an annual fee to the~~  
19 ~~municipality by the district in lieu of full-purpose annexation,~~  
20 ~~the form in which each such payment must be tendered, a method of~~  
21 ~~calculating the fee, and the date by which each such payment must be~~  
22 ~~made; failure by a district to timely make an annual payment in lieu~~  
23 ~~of full-purpose annexation in the amount and form required by a~~  
24 ~~strategic partnership agreement shall be the only ground for~~  
25 ~~termination of the agreement with respect to annexation at the~~  
26 ~~option of the municipality;~~

27 ~~[(ii) to determine a reasonable fee to be~~

1 ~~derived from residential property in a district, the municipality~~  
2 ~~or the district may request a cost-of-service study by an~~  
3 ~~independent third party agreeable to both parties if~~  
4 ~~cost-of-service data prepared by the municipality is not~~  
5 ~~acceptable. Both parties shall be equally responsible for the cost~~  
6 ~~of the study, which shall include an evaluation of the estimated~~  
7 ~~annual cost of providing municipal services to the residential~~  
8 ~~portion of the district over the next 10 years and the estimated~~  
9 ~~annual amount of ad valorem taxes from residential property the~~  
10 ~~municipality would receive on full-purpose annexation of the~~  
11 ~~district over the next 10 years. The fee shall not exceed the~~  
12 ~~estimated annual amount of residential ad valorem taxes that would~~  
13 ~~be derived by full-purpose annexation of the district, less the~~  
14 ~~estimated annual amount required to provide municipal services to~~  
15 ~~the residential property in the district if annexed for full~~  
16 ~~purposes. A fee determined through this methodology is subject to~~  
17 ~~renegotiation every 10 years at the request of either party to the~~  
18 ~~agreement following the same procedure used to set the fee in the~~  
19 ~~original agreement. This methodology does not apply to fees from~~  
20 ~~commercial property];~~

21 (6) conversion of the district to a limited district  
22 including some or all of the land included within the boundaries of  
23 the district, which conversion shall be effective on the  
24 full-purpose annexation conversion date established under  
25 Subdivision (5) [(5)(A)];

26 (7) agreements existing between districts and  
27 governmental bodies and private providers of municipal services in

1 existence on the date a municipality evidences its intention by  
2 adopting a resolution to negotiate for a strategic partnership  
3 agreement with the district shall be continued and provision made  
4 for modifications to such existing agreements; and

5 (8) such other lawful terms that the parties consider  
6 appropriate.

7 (i) A ~~[district that is negotiating for or that has adopted~~  
8 ~~a] strategic partnership agreement may provide that the district~~  
9 shall not incur additional debt, liabilities, or obligations, to  
10 construct additional utility facilities, or sell or otherwise  
11 transfer property without prior approval of the municipality~~[7~~  
12 ~~which approval shall not be unreasonably withheld or delayed. An~~  
13 ~~action taken in violation of this subsection is void].~~

14 (q) Subchapter F does not apply to a limited-purpose  
15 annexation under a strategic partnership agreement.

16 SECTION 4. Section 43.123, Local Government Code, is  
17 amended by adding Subsection (e) to read as follows:

18 (e) The deadline imposed by Subsection (d)(2) does not apply  
19 to an area that:

20 (1) is owned by the United States, this state, or a  
21 political subdivision of this state;

22 (2) is located outside the boundaries of a water  
23 control and improvement district or a municipal utility district;  
24 and

25 (3) is annexed for limited purposes in connection with  
26 a strategic partnership agreement under Section 43.0751.

27 SECTION 5. Section 43.127(a), Local Government Code, is

1 amended to read as follows:

2 (a) Except as provided by Section 43.123(e), on [On] or  
3 before the date prescribed by the regulatory plan under Section  
4 43.123(d)(2), the municipality must annex the area for full  
5 purposes. This requirement may be waived and the date for  
6 full-purpose annexation postponed by written agreement between the  
7 municipality and a majority of the affected landowners. A written  
8 agreement to waive the municipality's obligation to annex the area  
9 for full purposes binds all future owners of land annexed for  
10 limited purposes pursuant to that waiver.

11 SECTION 6. Section 49.052, Water Code, is amended by adding  
12 Subsections (h) and (i) to read as follows:

13 (h) This subsection applies only to a district that is  
14 located wholly within the boundaries of a municipality with a  
15 population of more than 1.5 million, that is governed by Chapter  
16 375, Local Government Code, and that is governed by an appointed  
17 board consisting of nine or more members. Notwithstanding  
18 Subsection (f) or (g), a person is considered to have resigned from  
19 serving as a member of the board if the person fails to attend three  
20 consecutive meetings of the board. The remaining board members by  
21 majority vote may waive the resignation under this subsection if  
22 fairness requires that the absences be excused on the basis of  
23 illness or other good cause.

24 (i) Notwithstanding any other law, a director is eligible to  
25 serve on the board of a district governed by Chapter 375, Local  
26 Government Code, regardless of the municipality in which the  
27 director resides, if:



1           (1) the district is located within the boundaries of a  
2 municipality with a population of more than 1.8 million; and

3           (2) all or a part of the district is located more than  
4 five miles from the downtown city hall of that municipality.

5           SECTION 7. Section 49.067, Water Code, is amended to read as  
6 follows:

7           Sec. 49.067. CONTRACTS. (a) A district shall contract, and  
8 be contracted with, in the name of the district.

9           (b) Notwithstanding any other law, a contract for  
10 technical, scientific, legal, fiscal, or other professional  
11 services must be approved by the board unless specifically  
12 delegated by board action. The terms and conditions of such a  
13 contract, including the terms for payment, are subject to the  
14 decision of the board unless specifically delegated by board  
15 action. The board through such action cannot abrogate its fiscal  
16 responsibility.

17           SECTION 8. Section 49.068, Water Code, is amended to read as  
18 follows:

19           Sec. 49.068. CONTRACTS WITH GOVERNMENTAL AGENCIES. (a)  
20 The provisions of this chapter pertaining to bids and the Local  
21 Government Code notwithstanding, a district may purchase property  
22 from any governmental entity by negotiated contract without the  
23 necessity of securing appraisals or advertising for bids.

24           (b) The provisions of other law or a home-rule municipal  
25 charter notwithstanding, a municipality may contract with a  
26 district. The term of a contract under this subsection may be of  
27 unlimited duration.

SECTION 9. Section 49.103, Water Code, is amended by adding Subsection (h) to read as follows:

(h) If authorized by the board in the proceedings calling a director election, the secretary of the board or the secretary's designee, on receipt of the certification required by Section 2.052(b), Election Code, shall post notice that the election is not to be held. The notice must be posted, on or before the commencement of early voting, at each polling place that would have been used in the election. If the notice is timely posted:

(1) the board or the board's designee is not required to:

(A) post or publish notice of the election;

(B) prepare or print ballots and election materials; or

(C) hold early and regular voting; and

(2) the board shall meet at the earliest practicable time to declare each unopposed candidate elected to office.

SECTION 10. Section 49.106(a), Water Code, is amended to read as follows:

(a) Before an election is held to authorize the issuance of bonds, other than refunding bonds, there shall be filed in the office of the district and open to inspection by the public an engineer's report covering the land, improvements, facilities, plants, equipment, and appliances to be purchased or constructed and their estimated cost, together with maps, plats, profiles, and data fully showing and explaining the report. The engineer's report is not:

1           (1) part of the proposition or propositions to be  
2 voted on; or

3           (2) a contract with the voters.

4           SECTION 11. Sections 49.153(a) and (e), Water Code, are  
5 amended to read as follows:

6           (a) The board, without the necessity of an election, may  
7 borrow money on negotiable or nonnegotiable notes of the district  
8 to be paid solely from the revenues derived from the ownership of  
9 all or any designated part of the district's works, plants,  
10 improvements, facilities, or equipment after deduction of the  
11 reasonable cost of maintaining and operating the facilities.

12           (e) Subsection (c) does not apply to:

13               (1) a note issued to and approved by the:

14                       (A) Farmers Home Administration;

15                       (B) United States Department of Agriculture;

16 [~~or~~]

17                       (C) Texas Water Development Board; or

18                       (D) North American Development Bank; or

19               (2) a district described by Section 49.181(h).

20           SECTION 12. Section 49.181(a), Water Code, is amended to  
21 read as follows:

22           (a) A district may not issue bonds unless the commission  
23 determines that the project to be financed by the bonds is feasible  
24 and issues an order approving the issuance of the bonds. This  
25 section does not apply to:

26               (1) refunding bonds if the commission issued an order  
27 approving the issuance of the bonds or notes that originally

1 financed the project;

2           (2) refunding bonds that are issued by a district  
3 under an agreement between the district and a municipality allowing  
4 the issuance of the district's bonds to refund bonds issued by the  
5 municipality to pay the cost of financing facilities; or

6           (3) bonds issued to and approved by the Farmers Home  
7 Administration, the United States Department of Agriculture, the  
8 North American Development Bank, or the Texas Water Development  
9 Board.

10           SECTION 13. Sections 49.183(a) and (b), Water Code, are  
11 amended to read as follows:

12           (a) Except for refunding bonds, or bonds sold to a state or  
13 federal agency or to the North American Development Bank, bonds  
14 issued by a district shall be sold after advertising for and  
15 receiving competitive sealed bids and shall be awarded to the  
16 bidder whose bid produces the lowest net effective interest rate to  
17 the district.

18           (b) Except for refunding bonds, or bonds sold to a state or  
19 federal agency or to the North American Development Bank, before  
20 any bonds are sold by a district, the board shall publish an  
21 appropriate notice of the sale:

22                   (1) at least one time not less than 10 days before the  
23 date of sale in a newspaper of general circulation in the county or  
24 counties in which the district is located; and

25                   (2) at least one time in one or more recognized  
26 financial publications of general circulation in the state as  
27 approved by the state attorney general.

1           SECTION 14. Section 49.194, Water Code, is amended by  
2 adding Subsection (g) to read as follows:

3           (g) A submission to the executive director required by this  
4 section may be made electronically.

5           SECTION 15. Subchapter H, Chapter 49, Water Code, is  
6 amended by adding Section 49.2125 to read as follows:

7           Sec. 49.2125. FEES AND OTHER CHARGES OF CERTAIN REGIONAL  
8 WATER AUTHORITIES AFTER ANNEXATION. (a) This section applies to a  
9 regional water authority that:

10                 (1) was established after January 1, 1999;

11                 (2) is located entirely within a county with a  
12 population greater than 3.4 million according to the 2000 federal  
13 decennial census; and

14                 (3) has a population greater than 375,000 according to  
15 the 2000 federal decennial census.

16           (b) Notwithstanding any other law, except to the extent an  
17 authority to which this section applies agrees in writing, a  
18 municipality's annexation of territory within the authority has no  
19 effect on the authority's ability to assess and collect inside the  
20 territory annexed by the municipality the types of fees, rates,  
21 charges, or special assessments that the authority was assessing  
22 and collecting at the time the municipality initiated the  
23 annexation; provided, however, that the authority's ability to  
24 assess and collect such fees, rates, charges, or special  
25 assessments shall terminate on the later to occur of (i) the date of  
26 final payment or defeasance of any bonds or other indebtedness,  
27 including any refunding bonds, that are secured by such fees,

1 rates, charges, or special assessments or (ii) the date that the  
2 authority no longer provides services inside the annexed territory.  
3 An authority to which this section applies shall continue to  
4 provide services to the annexed territory in accordance with  
5 contracts in effect at the time of the annexation unless a written  
6 agreement between the governing body of the authority and the  
7 governing body of the municipality provides otherwise.

8 SECTION 16. Sections 49.226(a), (c), and (d), Water Code,  
9 are amended to read as follows:

10 (a) Any personal property valued at more than \$300 or any  
11 land or interest in land owned by the district which is found by the  
12 board to be surplus and is not needed by the district may be sold  
13 under order of the board either by public or private sale, or the  
14 land, interest in land, or personal property may be exchanged for  
15 other land, interest in land, or personal property needed by the  
16 district. Except as provided in Subsection (b), land, interest in  
17 land, or personal property must be exchanged for like fair market  
18 value, which value may be determined by the district. In connection  
19 with the sale of surplus land, the board, at its discretion, may  
20 impose restrictions on the development and use of the land.

21 (c) Before ~~[either]~~ a public ~~[or a private]~~ sale of real  
22 property, the district shall give notice of the intent to sell by  
23 publishing notice once a week for two consecutive weeks in one or  
24 more newspapers with general circulation in the district.

25 (d) If the district has outstanding bonds secured by a  
26 pledge of tax revenues, the proceeds of the sale of property  
27 originally acquired with bond proceeds shall be:

1           (1) applied to retire outstanding bonds of the  
2 district; or

3           (2) held and treated as surplus bond proceeds and  
4 spent only as provided by the rules of the commission relating to  
5 surplus bond proceeds.

6           SECTION 17. Section 49.234(a), Water Code, as added by  
7 Section 15, Chapter 1423, Acts of the 77th Legislature, Regular  
8 Session, 2001, is amended to read as follows:

9           (a) A district or water supply corporation that operates a  
10 wastewater collection system to serve land within its boundaries by  
11 rule may prohibit the installation of private on-site wastewater  
12 holding or treatment facilities on land within the district that is  
13 not served by the district's or corporation's wastewater collection  
14 system. A district or corporation that has not received funding  
15 under Subchapter K, Chapter 17, may not require a property owner who  
16 has [~~already~~] installed an on-site wastewater holding or treatment  
17 facility before the adoption of the rule to connect to the  
18 district's or corporation's wastewater collection system.

19           SECTION 18. Subchapter H, Chapter 49, Water Code, is  
20 amended by adding Section 49.236 to read as follows:

21           Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board  
22 adopts an ad valorem tax rate for the district for debt service,  
23 operation and maintenance purposes, or contract purposes, the board  
24 shall give notice of each meeting of the board at which the adoption  
25 of a tax rate will be considered. The notice must:

26           (1) contain a statement in substantially the following  
27 form:

1                   "NOTICE OF PUBLIC HEARING ON TAX RATE

2                   "The (name of the district) will hold a public hearing on a  
3 proposed tax rate for the tax year (year of tax levy) on (date and  
4 time) at (meeting place). Your individual taxes may increase or  
5 decrease, depending on the change in the taxable value of your  
6 property in relation to the change in taxable value of all other  
7 property and the tax rate that is adopted."; and

8                   (2) contain the following information:

9                   (A) the district's total adopted tax rate for the  
10 preceding year and the proposed tax rate, expressed as an amount per  
11 \$100;

12                   (B) the difference, expressed as an amount per  
13 \$100 and as a percent increase or decrease, as applicable, in the  
14 proposed tax rate compared to the adopted tax rate for the preceding  
15 year;

16                   (C) the average appraised value of a residence  
17 homestead in the district in the preceding year and in the current  
18 year; the district's total homestead exemption, other than an  
19 exemption available only to disabled persons or persons 65 years of  
20 age or older, applicable to that appraised value in each of those  
21 years; and the average taxable value of a residence homestead in the  
22 district in each of those years, disregarding any homestead  
23 exemption available only to disabled persons or persons 65 years of  
24 age or older;

25                   (D) the amount of tax that would have been  
26 imposed by the district in the preceding year on a residence  
27 homestead appraised at the average appraised value of a residence



1 homestead in that year, disregarding any homestead exemption  
2 available only to disabled persons or persons 65 years of age or  
3 older;

4 (E) the amount of tax that would be imposed by the  
5 district in the current year on a residence homestead appraised at  
6 the average appraised value of a residence homestead in that year,  
7 disregarding any homestead exemption available only to disabled  
8 persons or persons 65 years of age or older, if the proposed tax  
9 rate is adopted; and

10 (F) the difference between the amounts of tax  
11 calculated under Paragraphs (D) and (E), expressed in dollars and  
12 cents and described as the annual increase or decrease, as  
13 applicable, in the tax to be imposed by the district on the average  
14 residence homestead in the district in the current year if the  
15 proposed tax rate is adopted.

16 (b) Notice of the hearing shall be:

17 (1) published at least once in a newspaper having  
18 general circulation in the district at least seven days before the  
19 date of the hearing; or

20 (2) mailed to each owner of taxable property in the  
21 district, at the address for notice shown on the most recently  
22 certified tax roll of the district, at least 10 days before the date  
23 of the hearing.

24 SECTION 19. Section 49.271, Water Code, is amended by  
25 adding Subsection (e) to read as follows:

26 (e) A district contract for construction work may include  
27 economic incentives for early completion of the work or economic

1 disincentives for late completion of the work.

2 SECTION 20. Section 49.273, Water Code, is amended by  
3 adding Subsection (1) to read as follows:

4 (1) The board is not required to advertise or seek  
5 competitive bids for security or surveillance systems or components  
6 of or additions to district facilities relating to security or  
7 surveillance, including systems used for the prevention of  
8 terrorist or criminal acts and incidents or acts of war, if the  
9 board finds that doing so would compromise the safety and security  
10 of district facilities or residents.

11 SECTION 21. Section 49.278(a), Water Code, is amended to  
12 read as follows:

13 (a) This subchapter does not apply to:

14 (1) equipment, materials, or machinery purchased by  
15 the district at an auction that is open to the public;

16 (2) contracts for personal or professional services or  
17 for a utility service operator;

18 (3) contracts made by a district engaged in the  
19 distribution and sale of electric energy to the public;

20 (4) contracts for services or property for which there  
21 is only one source or for which it is otherwise impracticable to  
22 obtain competition; [~~or~~]

23 (5) high technology procurements; or

24 (6) contracts for the purchase of electricity for use  
25 by the district.

26 SECTION 22. Section 49.303, Water Code, is amended to read  
27 as follows:

1           Sec. 49.303. EXCLUDING LAND OR OTHER PROPERTY FROM  
2 DISTRICT. (a) A district may exclude land or other property from  
3 the district under this subchapter if the district has no  
4 outstanding bonds payable in whole or in part from taxes.

5           (b) If a district has no outstanding [~~Before a district~~  
6 ~~orders an election for the authorization of~~] bonds payable in whole  
7 or in part from taxes, the board may, on its own motion, call a  
8 hearing on the question of the exclusion of land or other property  
9 from the district under the provisions of this subchapter [~~section~~  
10 ~~and Sections 49.304 through 49.307~~], if the exclusions are  
11 practicable, just, or desirable.

12           [~~(b) The board must call a hearing on the exclusion of land~~  
13 ~~or other property from the district on the written petition of any~~  
14 ~~landowner or property owner in the district filed with the~~  
15 ~~secretary of the board before the first election on the question of~~  
16 ~~whether bonds should be issued payable in whole or in part from~~  
17 ~~taxes is ordered.~~]

18           (c) If a district has no outstanding bonds payable in whole  
19 or in part from taxes, the [~~The~~] board may hold a hearing on the  
20 exclusion of land or other property from the district [~~if the~~  
21 ~~district has not issued bonds payable in whole or in part from~~  
22 ~~taxes, and~~] if a landowner or property owner submits a signed  
23 petition to the secretary of the board evidencing the consent of the  
24 owners of a majority of the acreage proposed to be excluded and a  
25 majority of the taxable property in the district, as reflected by  
26 the most recent certified tax roll of the district.

27           (d) A district that has previously held an election at which

1 approval was given for the issuance of bonds payable in whole or in  
2 part from taxes may not rely on that election for the issuance of  
3 the bonds if after the bond election, but before the bonds are  
4 issued, land or other property is excluded from the district as  
5 provided by this subchapter. The board must call and hold another  
6 bond election and receive voter approval [~~as provided by this~~  
7 ~~subchapter~~] before issuing those bonds.

8 (e) A district may not exclude land or other property from  
9 the district under this section if the district has issued bonds  
10 payable in whole or in part from taxes and those bonds are  
11 outstanding.

12 SECTION 23. Section 49.304(a), Water Code, is amended to  
13 read as follows:

14 (a) If the board determines that an exclusion hearing should  
15 be held as provided by Section 49.303[~~(a) or (c), or if a written~~  
16 ~~petition requesting an exclusion hearing is filed with the~~  
17 ~~secretary of the board as provided by Section 49.303(b)]], the board  
18 shall give notice of the time and place of a hearing to announce its  
19 own conclusions relating to land or other property to be excluded  
20 and to receive petitions for exclusion of land or other property.~~

21 SECTION 24. Sections 49.351(a), (k), and (l), Water Code,  
22 are amended to read as follows:

23 (a) A district providing potable water or sewer service to  
24 household users may establish, operate, and maintain a fire  
25 department to perform all fire-fighting services [~~activities~~]  
26 within the district as provided in this subchapter and may issue  
27 bonds or impose a mandatory fee, with voter approval, for financing

1 a plan approved in accordance with this section, including the  
2 construction and purchase of necessary buildings, facilities,  
3 land, and equipment and the provision of an adequate water supply.

4 (k) In this section, "fire-fighting services [~~activities~~]"  
5 means all of the customary and usual services [~~activities~~] of a fire  
6 department, including fire suppression, fire prevention, training,  
7 safety education, maintenance, communications, medical emergency  
8 services, photography, and administration.

9 (l) Notwithstanding the requirements of Subsections  
10 (a)-(j), a district providing potable water or sewer service to  
11 household users may as part of its billing process collect from its  
12 customers a voluntary contribution on behalf of organizations  
13 providing fire-fighting services [~~activities~~] to the district. A  
14 district that chooses to collect a voluntary contribution under  
15 this subsection must give reasonable notice to its customers that  
16 the contribution is voluntary. Water and sewer service may not be  
17 terminated as a result of failure to pay the voluntary  
18 contribution.

19 SECTION 25. Section 49.455(d), Water Code, is amended to  
20 read as follows:

21 (d) The information form required by this section shall be  
22 filed with the county clerk [~~within 48 hours after the effective~~  
23 ~~date of this section or~~] within 48 hours after the district is  
24 officially created[~~, whichever time comes first~~]. For purposes of  
25 this section, the words "officially created" mean the date and hour  
26 in which the results of the election to confirm the creation of the  
27 district are declared.

SECTION 26. Section 53.029, Water Code, is amended by adding Subsection (e) to read as follows:

(e) A district that has adopted the rights, authority, privileges, and functions of a road district in the manner provided by Subsection (c) may, following approval of a construction contract by the district's governing body, reimburse expenditures as provided by Sections 257.003(a) and (b), Transportation Code, without any additional approval under Section 257.003, Transportation Code.

SECTION 27. Section 54.201(b), Water Code, is amended to read as follows:

(b) A district is authorized to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of the district authorized by the constitution, this code, or other law ~~[its creation]~~, including all works, improvements, facilities, plants, equipment, and appliances incident, helpful, or necessary to:

(1) supply water for municipal uses, domestic uses, power, and commercial purposes and all other beneficial uses or controls;

(2) collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state;

(3) gather, conduct, divert, and control local storm water or other local harmful excesses of water in a district;

- 1           (4) irrigate the land in a district;
- 2           (5) alter land elevation in a district where it is
- 3 needed;
- 4           (6) navigate coastal and inland waters of the
- 5 district; and
- 6           (7) provide parks and recreational facilities for the
- 7 inhabitants in the district, subject to the provisions of Chapter
- 8 49 [Subchapter I of this chapter].

9           SECTION 28. Subchapter D, Chapter 54, Water Code, is

10 amended by adding Section 54.2052 to read as follows:

11           Sec. 54.2052. PLUMBING CODE. Notwithstanding any other

12 law, a district is not required to adopt a plumbing code. A

13 district may adopt and enforce one or more plumbing codes meeting

14 the standards and requirements of the rules and laws of this state

15 and may amend any code adopted to conform to local concerns if the

16 amendment does not substantially vary from rules or laws of this

17 state. If a municipal regulation conflicts with a district

18 regulation, the municipal regulation prevails.

19           SECTION 29. Section 54.234, Water Code, is amended to read

20 as follows:

21           Sec. 54.234. ACQUIRING ROAD UTILITY DISTRICT POWERS. Any

22 district, which has the power to levy taxes, may~~[, with the approval~~

23 ~~of the commission,]~~ petition the commission ~~[Texas Transportation~~

24 ~~Commission]~~ to acquire the powers granted to road utility districts

25 operating pursuant to Chapter 441, Transportation Code, under the

26 authority of Article III, Section 52, Texas Constitution. As soon

27 as practicable after such petition has been filed with the

1 commission [~~Texas Transportation Commission~~], the commission  
 2 [~~Texas Transportation Commission shall conduct a hearing in~~  
 3 ~~accordance with Chapter 441, Transportation Code, and~~] shall issue  
 4 an order [~~in accordance with Chapter 441, Transportation Code,~~]  
 5 either approving or denying such petition. [~~Any district so~~  
 6 ~~petitioning the Texas Transportation Commission shall conform to~~  
 7 ~~the rules applicable to the creation and administration of such~~  
 8 ~~districts as provided by Chapter 441, Transportation Code.~~] In the  
 9 event of any conflict between the provisions of the Water Code and  
 10 the general laws of this state applicable to the district and the  
 11 provisions of Chapter 441, Transportation Code, the provisions of  
 12 the Water Code and the general laws of this state applicable to the  
 13 district shall prevail.

14 SECTION 30. Section 54.503, Water Code, is amended to read  
 15 as follows:

16 Sec. 54.503. MANNER OF REPAYMENT OF BONDS. The board may  
 17 provide for the payment of principal of and interest and redemption  
 18 price on the bonds in any one of the following manners:

19 (1) from the levy and collection of ad valorem taxes on  
 20 all taxable property within the district;

21 (2) by pledging all or any part of the designated  
 22 revenues to result from the ownership or operation of the  
 23 district's works, improvements, facilities, plants, equipment, and  
 24 appliances or under specific contracts for the period of time the  
 25 board determines;

26 (3) by pledging all or part of any funds or revenues  
 27 available to the district; or



1           (4) a combination of the sources set forth in  
2 Subdivisions (1), ~~[and]~~ (2), and (3) of this section.

3           SECTION 31. Section 54.505, Water Code, is amended to read  
4 as follows:

5           Sec. 54.505. ELECTION ON TAX BONDS. Bonds payable solely  
6 from revenues may be issued by resolution or order of the board  
7 without an election, but no bonds, except refunding bonds, payable  
8 wholly or partially from ad valorem taxes shall be issued until  
9 authorized by a majority vote of the resident electors of the  
10 district voting in an election called and held for that purpose. An  
11 election is not required to pledge revenues to the payment of bonds.

12           SECTION 32. Sections 54.739 and 54.744, Water Code, are  
13 amended to read as follows:

14           Sec. 54.739. SUBSTITUTING LAND OF EQUAL ~~[ACREAGE AND]~~  
15 VALUE. After the district is organized and acquires facilities  
16 with which to function for the purposes for which it was organized,  
17 and votes, issues and sells bonds for such purposes, land within the  
18 district boundaries subject to taxation that does not need or  
19 utilize the services of the district may be excluded and other land  
20 not within the boundaries of the district may be included within the  
21 boundaries of the district without impairment of the security for  
22 payment of the bonds or invalidation of any prior bond election, as  
23 provided by ~~[the provisions of]~~ this section and Sections 54.740  
24 [54.741] through 54.747 ~~[54.748 subject to commission approval]~~.

25           Sec. 54.744. IMPAIRMENT OF SECURITY. For purposes of the  
26 board's consideration of the applications, the lands proposed for  
27 inclusion shall be deemed to be sufficient to avoid an impairment of

1 the security for payment of obligations of the district if:

2 (1) according to the most recent [county] tax roll of  
3 the district or the most recently certified estimates of taxable  
4 value from the chief appraiser of the appropriate appraisal  
5 district [rolls], the taxable value of such included lands equals  
6 or exceeds the taxable value of the excluded lands;

7 (2) either the estimated costs of providing district  
8 facilities and services to such included lands is equal to or less  
9 than the estimated costs of providing district facilities and  
10 services to the excluded lands or any increased estimated costs of  
11 providing district facilities and services to the included land, as  
12 determined by the district's engineer, can be amortized at  
13 prevailing bond interest rates and maturity schedules and the  
14 prevailing debt service tax rate of the district, as determined by  
15 the district's professional financial advisor, when applied to the  
16 increase in taxable value of the included land over the taxable  
17 value of the excluded land; and

18 (3) the district's outstanding bonds or contract  
19 obligations are payable in whole or in part by a pledge of net  
20 revenues from the ownership or operation of the district's  
21 facilities, and the projected net revenues to be derived from the  
22 lands to be included during the succeeding 12-month period, as  
23 determined by the district's engineer, equals or exceeds the  
24 projected net revenues that would otherwise have been derived from  
25 the lands to be excluded during the same period.

26 SECTION 33. Subchapter H, Chapter 54, Water Code, is  
27 amended by adding Sections 54.748 and 54.749 to read as follows:

1        Sec. 54.748. EXCLUSION OF LAND FOR FAILURE TO PROVIDE  
2 SUFFICIENT SERVICES; BONDS OUTSTANDING. (a) This section applies  
3 only to a district that has a total area of more than 5,000 acres.

4        (b) The board shall call a hearing on the exclusion of land  
5 from the district on a written petition filed with the secretary of  
6 the board by a landowner whose land has been included in and taxable  
7 by the district for more than 28 years if any bonds issued by the  
8 district payable in whole or in part from taxes of the district are  
9 outstanding and the petition:

10            (1) includes a signed petition evidencing the consent  
11 of the owners of a majority of the acreage proposed to be excluded,  
12 as reflected by the most recent certified tax roll of the district;

13            (2) includes a claim that the district has not  
14 provided the land with utility services;

15            (3) describes the property to be excluded;

16            (4) provides, at the petitioner's expense, facts  
17 necessary for the board to make the findings required by Subsection  
18 (c); and

19            (5) is filed before August 31, 2005.

20        (c) The board may exclude land under this section only on  
21 finding that:

22            (1) the district has never provided utility services  
23 to the land described by the petition;

24            (2) the district has imposed a tax on the land for more  
25 than 28 years;

26            (3) all taxes the district has levied and assessed  
27 against the land and all fees and assessments the district has

1 imposed against the land or the owner that are due and payable on or  
2 before the date of the petition are fully paid; and

3 (4) the executive director has reviewed the economic  
4 impact of the proposed exclusion of land and does not oppose the  
5 exclusion.

6 (d) If evidence presented at the hearing conclusively  
7 demonstrates that the requirements and grounds for exclusion  
8 described by Subsections (b) and (c) have been met, the board may  
9 enter an order excluding the land from the district. If the board  
10 enters an order excluding the land, the board shall redefine in the  
11 order the boundaries of the district to embrace all land not  
12 excluded.

13 (e) A copy of an order excluding land and redefining the  
14 boundaries of the district shall be filed in the deed records of the  
15 county in which the district is located.

16 (f) The exclusion of land under this section does not impair  
17 the rights of holders of any outstanding bonds, warrants, or other  
18 certificates of indebtedness of the district.

19 (g) After any land is excluded under this section, the  
20 district may issue any unissued additional debt approved by the  
21 voters of the district before exclusion of the land under this  
22 section without holding a new election. Additional debt issued  
23 after land is excluded from the district may not be payable from and  
24 does not create a lien against the taxable value of the excluded  
25 land.

26 (h) For purposes of this section and Section 54.749, "land"  
27 includes any improvements to the land, and when used in the context

1 of property taxes, "land" has the meaning assigned to "real  
2 property" by Section 1.04, Tax Code.

3 Sec. 54.749. TAX LIABILITY OF EXCLUDED LAND; BONDS  
4 OUTSTANDING. (a) Land excluded from the district under Section  
5 54.748 that is pledged as security for any outstanding debt of the  
6 district remains pledged for its pro rata share of the debt until  
7 final payment is made. The district shall continue to levy and  
8 collect taxes on the excluded land at the same rate levied on land  
9 remaining in the district until the amount of taxes collected from  
10 the excluded land equals the land's pro rata share of the district's  
11 debt outstanding at the time the land was excluded from the  
12 district.

13 (b) The district shall apply the taxes collected on the  
14 excluded land only to the payment of the excluded land's pro rata  
15 share of the debt.

16 SECTION 34. Section 57.015(b), Water Code, is amended to  
17 read as follows:

18 (b) The notice shall be posted at the courthouse door and at  
19 a place [~~four different places~~] inside the proposed district. If  
20 the district is located in more than one county, the person posting  
21 the notice shall post a copy at the courthouse door in each county  
22 in which any portion of the proposed district is located and at a  
23 place [~~four separate places~~] inside the boundaries of that portion  
24 of the district located in each county. The notice shall be posted  
25 for at least 10 days before the date of the hearing.

26 SECTION 35. Section 57.092(a), Water Code, is amended to  
27 read as follows:

1 (a) The district may enter into all necessary and proper  
2 contracts and employ all persons and means necessary to purchase,  
3 acquire, build, construct, complete, carry out, maintain, protect,  
4 and, in case of necessity, add to and rebuild all works and  
5 improvements necessary or proper to fully accomplish the purposes  
6 of the district, including the reclamation of land within the  
7 district [~~a reclamation plan lawfully adopted for the district~~].

8 SECTION 36. Section 57.104, Water Code, is amended to read  
9 as follows:

10 Sec. 57.104. CONSTRUCTION OF [~~DUTY TO CONSTRUCT APPROVED~~]  
11 IMPROVEMENTS. The district may [~~shall~~] construct all improvements  
12 necessary or convenient to accomplish the purposes of the district  
13 [~~included in the plan of reclamation approved by the commission~~].

14 SECTION 37. Section 57.108(b), Water Code, is amended to  
15 read as follows:

16 (b) Contracts may be awarded or entered in sections for the  
17 purpose of the purchase, acquisition, construction, and  
18 improvement of pumping equipment, reservoirs, culverts, bridges,  
19 and drainage improvements as these may become necessary[, ~~but as~~  
20 ~~funds are available, the district shall comply with Section~~  
21 ~~57.104~~].

22 SECTION 38. The heading to Section 57.116, Water Code, is  
23 amended to read as follows:

24 Sec. 57.116. ENGINEER'S CONSTRUCTION REPORT.

25 SECTION 39. Section 57.116(a), Water Code, is amended to  
26 read as follows:

27 (a) As [~~the~~] work [~~on the plan of reclamation~~] progresses on

1 the district's improvements, the engineer shall make a report to  
2 the board, showing in detail whether or not the contract is being  
3 fulfilled.

4 SECTION 40. Section 57.117(b), Water Code, is amended to  
5 read as follows:

6 (b) If the executive director finds that the work has not  
7 been done in strict accordance with the contract, he shall  
8 officially certify this fact, and in the certificate he shall state  
9 where the contractor has failed to comply with the contract  
10 ~~[approved plan of reclamation]~~.

11 SECTION 41. Section 57.118, Water Code, is amended to read  
12 as follows:

13 Sec. 57.118. COMPLIANCE WITH CONTRACT. After the board  
14 receives a report that the contractor has failed to comply with the  
15 contract, it shall demand that the contractor comply with the  
16 requirements of the contract ~~[approved plan of reclamation]~~ at his  
17 own expense, and no further accounts, claims, or vouchers submitted  
18 by the contractor shall be approved or paid until the contractor  
19 complies with the requirements of the executive director by  
20 constructing the improvement in accordance with the contract ~~[plan~~  
21 ~~of reclamation]~~.

22 SECTION 42. The heading to Subchapter E, Chapter 57, Water  
23 Code, is amended to read as follows:

24 SUBCHAPTER E. ENGINEER'S REPORT ~~[PLAN OF RECLAMATION]~~

25 SECTION 43. Sections 57.177(a) and (c), Water Code, are  
26 amended to read as follows:

27 (a) If the district wants to carry out its purposes ~~[plan of~~

1 ~~reclamation~~] without issuing bonds, the board may arrange for  
2 contributions from landowners or other sources to provide the funds  
3 required to complete the improvements.

4 (c) If the district creates an indebtedness under this  
5 section, the indebtedness may not be more than:

6 (1) the cost of construction of the improvements  
7 included in the engineer's report [~~plan of reclamation~~];

8 (2) the cost [~~as approved by the commission~~] of  
9 maintaining the improvements for two years; and

10 (3) an additional amount equal to 10 percent to meet  
11 emergencies, modifications, and changes lawfully made, plus  
12 damages awarded against the district.

13 SECTION 44. Section 57.208(b), Water Code, is amended to  
14 read as follows:

15 (b) The bonds shall be known as "Levee Improvement Bonds"  
16 [~~and shall state on their face the purpose for which they are~~  
17 ~~issued~~].

18 SECTION 45. Section 57.216, Water Code, is amended to read  
19 as follows:

20 Sec. 57.216. PROVIDING FOR ADDITIONAL FUNDS. (a) If the  
21 improvements in the engineer's report [~~plan of reclamation adopted~~  
22 ~~for the district~~] are insufficient to reclaim all of the land and  
23 other property inside the district, extensive repairs or additions  
24 to the improvements are necessary, or additional funds are needed  
25 to complete improvements, the board may provide additional funds  
26 for the district by following the provisions of this chapter for  
27 raising funds [~~for the original plan of reclamation~~].



1 (b) If the board creates additional indebtedness or issues  
2 additional bonds, the indebtedness or bonds are subject to the  
3 provisions of this chapter relating to the issuance of bonds. ~~[The~~  
4 ~~new or amended plan of reclamation must be approved by the~~  
5 ~~commission.]~~

6 SECTION 46. Section 57.260(a), Water Code, is amended to  
7 read as follows:

8 (a) If a district levies taxes on the benefit basis, the  
9 commissioners court of each county in which any portion of that  
10 district is located shall levy and have assessed and collected  
11 taxes on all taxable property inside the district, based on the net  
12 benefits which the commissioners of appraisement find will accrue  
13 to each piece of property from the improvements described in the  
14 engineer's report ~~[completion of the plan of reclamation]~~ or other  
15 authorized improvements ~~[improvement]~~.

16 SECTION 47. Section 57.261, Water Code, is amended to read  
17 as follows:

18 Sec. 57.261. APPOINTMENT OF COMMISSIONERS OF APPRAISEMENT.  
19 ~~The [After the plan of reclamation is approved and adopted, the]~~  
20 commissioners court of the county of jurisdiction in a district  
21 levying taxes on the benefit basis shall appoint three  
22 disinterested commissioners, known as "commissioners of  
23 appraisement."

24 SECTION 48. Sections 57.265(c) and (d), Water Code, are  
25 amended to read as follows:

26 (c) The commissioners of appraisement shall view:

27 (1) the land inside the district;

1           (2) other land which will be affected by the engineer's  
2 report [~~plan of reclamation~~] if carried out;

3           (3) all public roads, railroads, rights-of-way, and  
4 other property or improvements located on the land; and

5           (4) land inside or outside the district which may be  
6 acquired under the provisions of this chapter for any purpose  
7 connected with or incident to carrying out the engineer's report  
8 [~~plan of reclamation~~].

9           (d) The commissioners of appraisement shall assess the  
10 amounts of benefits and all damages that will accrue to any tract of  
11 land inside the district or any land outside the district which may  
12 be affected by the engineer's report [~~plan of reclamation~~], or any  
13 public highway, railroad, right-of-way, roadway, or other  
14 property.

15           SECTION 49. Section 57.266(a), Water Code, is amended to  
16 read as follows:

17           (a) The commissioners of appraisement shall prepare a  
18 report of their findings. The report shall include:

19               (1) the name of the owner of each piece of property  
20 examined and assessed;

21               (2) a description which will identify each piece of  
22 property; and

23               (3) the value of all property to be taken or acquired  
24 for rights-of-way or any other purposes connected with carrying out  
25 the engineer's report [~~plan of reclamation as finally approved by~~  
26 ~~the commission~~].

27           SECTION 50. Sections 57.267(b), (c), and (d), Water Code,

are amended to read as follows:

(b) The notice shall be published in a newspaper published in each county in which any part of the district is located, or in which any land lies that will be in any way affected by the proposed engineer's report [~~plan of reclamation~~]. The notice shall be published once a week for two consecutive weeks before the date of the hearing.

(c) The notice shall be in substantially the following form:

To the owners and all other persons having any interest in land lying in \_\_\_\_\_ County, take notice, that a copy of the engineer's report [~~plan of reclamation~~] of the \_\_\_\_\_ Levee Improvement District has been filed in the district's office [~~with the county clerk of this county~~] and that the commissioners of appraisement have been appointed to assess benefits and damages accruing to land or other property inside or outside the levee improvement district which will be benefited, taken, damaged, or affected in some way by the carrying out of the engineer's report [~~plan of reclamation~~]. The report of the commissioners of appraisement has been filed in my office at \_\_\_\_\_, and all interested persons may examine the report and make an objection to all or any part of the report. A person who claims damage to his land and to whose land no damages have been assessed in the report must file a claim for damage in my office on or before \_\_\_\_\_, [~~19~~]\_\_\_\_. A person who fails to make an objection or to file a claim for damages is deemed to have waived his right to object or claim damages. The commissioners of appraisement will meet on \_\_\_\_\_, [~~19~~]\_\_\_\_, to hear and act on objections to their report and claims

1 for damages.

2 \_\_\_\_\_  
3 Secretary, Board of Directors

4 \_\_\_\_\_ Levee Improvement District

5 (d) The secretary shall mail written notice to each person  
6 whose property is listed in the report of the commissioners of  
7 appraisal, if the office address is known. This notice shall  
8 state in substance:

9 (1) that the report of the commissioners of  
10 appraisal assessing benefits and damages accruing to land and  
11 other property because of the engineer's report [~~plan of~~  
12 ~~reclamation~~] for the district has been filed in the district's  
13 [~~secretary's~~] office;

14 (2) that all persons interested may examine the report  
15 and make objections to it in whole or in part; and

16 (3) that the commissioners of appraisal will meet  
17 on the day and at the place named to hear and act on objections to  
18 the report.

19 SECTION 51. Sections 57.269(a) and (b), Water Code, are  
20 amended to read as follows:

21 (a) An owner of land or other property affected by the  
22 report of the commissioners of appraisal or by the engineer's  
23 report [~~plan of reclamation~~] may file an objection to any or all  
24 parts of the report of the commissioners of appraisal at or  
25 before the hearing on the report.

26 (b) A person on whose land no damages have been assessed and  
27 who believes that his land will be damaged by prosecution of the

1 engineer's report [~~plan of reclamation~~] may file with the secretary  
2 of the board a claim for damages.

3 SECTION 52. Sections 57.270(e), (j), and (k), Water Code,  
4 are amended to read as follows:

5 (e) The secretary in not less than five days after the  
6 appeal is filed shall send to the district clerk:

7 (1) the engineer's report [~~plan of reclamation~~] or a  
8 certified copy of it;

9 (2) a transcript of that part of the commissioners of  
10 appraisement's report affecting the lands concerned in the appeal;

11 (3) a transcript of the claim for damages; and

12 (4) a transcript of the action of the commissioners of  
13 appraisement on the claim.

14 (j) No appeal may delay carrying out the engineer's report  
15 [~~plan of reclamation~~], and if the board pays to the district clerk  
16 the amount of damages awarded by the commissioners of appraisement  
17 to a claimant who is appealing their decree, and if the board makes  
18 bond to pay to the claimant any additional amount that he may be  
19 awarded on his appeal, title to the condemned property that is the  
20 subject of the appeal vests in the district, and the district is  
21 entitled to immediate possession.

22 (k) No person may claim damages against the district, its  
23 board, officers, or agents because of the prosecution of the  
24 engineer's report [~~plan of reclamation~~] if he owns or has an  
25 interest in land in a county in which [~~a copy of the plan of~~  
26 ~~reclamation has been filed and in which~~] notice has been published  
27 of the hearing before the commissioners of appraisement, and he has

1 failed to file a claim for damages or an objection to the damages  
2 assessed by the commissioners of appraisement against his land, or  
3 if he has filed a claim or objection but has failed to appeal from an  
4 adverse ruling on his claim or objection.

5 SECTION 53. Section 57.273(b), Water Code, is amended to  
6 read as follows:

7 (b) If the engineer's report [~~plan of reclamation~~] is  
8 changed or modified, or if extensive repairs or additions to the  
9 engineer's report [~~plan of reclamation~~] are desired, the board  
10 shall file a petition with the commissioners court describing the  
11 changes, modifications, repairs, or additions.

12 SECTION 54. Section 57.274(b), Water Code, is amended to  
13 read as follows:

14 (b) The commissioners court shall order a reassessment of  
15 benefits if it finds that the aggregate amount of assessed benefits  
16 as shown by the previous final judgment and decree is insufficient  
17 to carry out the original engineer's report [~~plan of reclamation~~]  
18 or changes, repairs, or additions to the report [~~plan~~] or there has  
19 been a material change in the relative value of the benefits  
20 conferred on the property in the district, or for some reason the  
21 assessment of benefits is inadequate or inequitable.

22 SECTION 55. Section 57.275(d), Water Code, is amended to  
23 read as follows:

24 (d) If the engineer's report [~~plan of reclamation~~] is  
25 modified, or if extensive repairs or additions are made, the  
26 provisions of this section apply to districts that levy taxes on the  
27 ad valorem basis, but the commissioners of appraisement shall

1 assess only the damages which will accrue to the property inside or  
2 outside the district as a result of the changes in the report  
3 [plan].

4 SECTION 56. Section 67.010(d), Water Code, is amended to  
5 read as follows:

6 (d) A political subdivision may contract with a corporation  
7 under Section 402.014, Local Government Code, to carry out this  
8 chapter. If a corporation issues bonds secured by a contract  
9 entered into under Section 402.014, Local Government Code, the  
10 corporation is considered to be acting for or on behalf of that  
11 political subdivision for the purposes of Section 1201.002(1),  
12 Government Code. A political subdivision is authorized to approve  
13 by ordinance, resolution, or order the articles of incorporation  
14 and the bylaws of a corporation that is created for the purpose of  
15 constructing facilities under a contract as provided by Section  
16 402.014, Local Government Code.

17 SECTION 57. The following provisions are repealed:

18 (1) Sections 54.0163(e), 54.508, 57.094, 57.108(a),  
19 57.154(b), and 57.156, Water Code;

20 (2) Section 402.908, Local Government Code; and

21 (3) Subchapter C, Chapter 441, Transportation Code.

22 SECTION 58. (a) Except as provided by this section, a  
23 provision of a strategic partnership agreement entered into before  
24 December 31, 2003, that does not comply with Section 43.0751(f)(2),  
25 Local Government Code, as amended by this Act, is not enforceable  
26 after December 31, 2003, to the extent of the noncompliance.

27 (b) A permit issued before December 31, 2003, by a

1 municipality with a population of 1.9 million or more remains valid  
2 until its expiration and shall be recognized by the county.

3 (c) A municipality with a population of 1.9 million or more  
4 may not enforce, under a strategic partnership agreement, a code  
5 provision that would otherwise require a building permit from the  
6 municipality after the effective date of this Act.

7 (d) This section does not affect the validity or  
8 enforceability of a provision of a strategic partnership agreement  
9 that requires services or imposes fees if the services or fees  
10 relate to emergency services that were specifically requested by  
11 the board of a municipal utility district or if the services or fees  
12 have been approved by a state agency or a political subdivision that  
13 is not a party to the strategic partnership agreement.

14 SECTION 59. (a) Section 43.127(a), Local Government Code,  
15 as amended by this Act, applies to an area described by Section  
16 43.123(e), Local Government Code, as added by this Act, that is  
17 annexed for limited purposes in connection with a strategic  
18 partnership agreement before, on, or after September 1, 2003.

19 (b) For the 2003 tax year, the change in law made by Section  
20 49.236, Water Code, applies only to a conservation and reclamation  
21 district created under Section 52, Article III, or Section 59,  
22 Article XVI, Texas Constitution, and governed by Chapter 49, Water  
23 Code, that adopts its tax rate on or after September 1, 2003. For  
24 the 2003 tax year, a district that adopts its tax rate before  
25 September 1, 2003, is governed by the law as it existed prior to the  
26 effective date of this Act, and that law is continued in effect for  
27 that purpose.



H.B. No. 1541

1           SECTION 60. This Act takes effect immediately if it  
2 receives a vote of two-thirds of all the members elected to each  
3 house, as provided by Section 39, Article III, Texas Constitution.  
4 If this Act does not receive the vote necessary for immediate  
5 effect, this Act takes effect September 1, 2003.

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HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 1. Amends Section 388.005(a), Health and Safety Code, relating to energy efficiency programs in certain political subdivisions.	SECTION 1. Same as House version.	SECTION 1. Same as House version.
No equivalent provision.	SECTION 2. Section 43.0751(a)(3), Local Government Code, is amended to read as follows: (3) "Strategic partnership agreement" means a written agreement described by this section between a municipality and a district.	SECTION 2. Same as Senate version.
No equivalent provision.	SECTION 3. Amends Sections 43.0751(d), (f), and (I), Local Government Code. (FA1)	SECTION 3. Similar to Senate version., except adds Subsection (q). (q) Provides that Subchapter F does not apply to a limited-purpose annexation under a strategic partnership agreement.
	SECTION 4. Adds Section 43.123 (e), Local Government Code.	SECTION 4. Same as Senate version.
No equivalent provision.	SECTION___. Amends Section 36.002, Water Code, Ownership Of Groundwater. (FA5)	No equivalent provision.
No equivalent provision.	SECTION___. Amends Section 36.101 (a), Water Code.(FA5)	No equivalent provision.
No equivalent provision.	SECTION___. Adds Section 36.113 (h), Water Code. (FA5)	No equivalent provision.
No equivalent provision.	To the existing SECTION 57, add (e). Except as provided by (c) of this section, the change in law made by this Act to Section 36.002, Section 36.101 (a), and Section 36.113, Water Code, applies to all rules adopted by a groundwater conservation district before , on or after the effective date of	No equivalent provision.

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this Act. (FA5)

No equivalent provision.

(f) The change in law made by this Act to Section 36.002, Section 36.101 (a), and Section 36.113, Water Code, does not apply to rules adopted by the Edwards Aquifer Authority. (FA5)

No equivalent provision.

No equivalent provision.

SECTION 5. Amends Section 43.127(a), Local Government Code.

SECTION 5. Same as Senate version.

SECTION 2. Section 49.052, Water Code, is amended by adding Subsection (h) to read as follows: (h) This subsection applies only to a district that is located wholly within the boundaries of a municipality with a population of more than 1.5 million, that is governed by Chapter 375, Local Government Code, and that is governed by an appointed board consisting of nine or more members. Notwithstanding Subsection (f) or (g), a person is considered to have resigned from serving as a member of the board if the person fails to attend three consecutive meetings of the board. The remaining board members by majority vote may waive the resignation under this subsection if fairness requires that the absences be excused on the basis of illness or other good cause.

SECTION 6. Same as House version, except adds (i), as follows: (i) Notwithstanding any other law, a director is eligible to serve on the board of a district governed by Chapter 375, Local Government Code, regardless of the municipality in which the director resides, if:

SECTION 6. Same as Senate version.

- (1) the district is located within the boundaries of a municipality with a population of more than 1.8 million; and
- (2) all or a part of the district is located more than five miles from the downtown city hall of that municipality.

No equivalent provision.

SECTION 7. Section 49.067, Water Code, is amended to read as follows: Sec. 49.067. Contracts. (a) A district shall contract, and be contracted with, in the name of the district.

SECTION 7. (a) Same as Senate version.

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(b) Notwithstanding any other law, a contract for technical, scientific, legal, fiscal, or other professional services must be approved by the board, and the terms and conditions of such a contract, including the terms for payment, are subject to the sole discretion of the board.

(b) Notwithstanding any other law, a contract for technical, scientific, legal, fiscal, or other professional services must be approved by the board, *unless specifically delegated by board action*, and terms and conditions of such contract, including the terms for repayment, are subject to the decision of the board *unless specifically delegated by board actions*. *The Board through this action cannot abrogate its fiscal responsibility.*

**SECTION 3.** Amends Section 49.068, Water Code, Contracts With Governmental Agencies.

**SECTION 8.** Same as House version.

**SECTION 8.** Same as House version.

**SECTION 4.** Adds Section 49.103 (h), Water Code, relating to posting notice for elections of district board members.

**SECTION 9.** Same as House version.

**SECTION 9.** Same as House version.

**SECTION 5.** Amends Section 49.106 (a), Water Code, relating to bond elections.

**SECTION 10.** Same as House version.

**SECTION 10.** Same as House version.

**SECTION 6.** Amends Section 49.153 (a) and (e), Water Code, relating to revenue notes.

**SECTION 11.** Same as House version.

**SECTION 11.** Same as House version.

**SECTION 7.** Amends Section 49.181 (a), Water Code, relating to the authority of commission over issuance of district bonds.

**SECTION 12.** Same as House version.

**SECTION 12.** Same as House version.

**SECTION 8.** Amends Sections 49.183 (a) and (b), Water Code, relating to bonds issued by a district.

**SECTION 13.** Same as House version.

**SECTION 13.** Same as House version.

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HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 9. Adds Section 49.194 (g), Water Code, to read as follows: (g) A submission to the executive director required by this section may be made electronically.	SECTION 14. Same as House version.	SECTION 14. Same as House version.
No equivalent provision.	SECTION 15. Adds Section 49.2125, Water Code, Fees and Other Charges of Certain Regional Water Authorities after Annexation.	SECTION 15. Same as Senate version.
SECTION 10. Amends Section 49.226 (a), (c), (d), Water Code, relating to the sale or exchange of real or personal property by a district.	SECTION 16. Same as House version.	SECTION 16. Same as House version.
SECTION 11. Amends Section 49.234 (a), Water Code, relating to the authority of a district to prohibit private on-site wastewater facilities on land within the district.	SECTION 17. Same as House version.	SECTION 17. Same as House version.
No equivalent provision.	SECTION 18. Adds Section 49.236, Water Code, Notice of Tax Hearing.	SECTION 18. Same as Senate version.
SECTION 12. Adds Section 49.271 (e), Water Code, relating to a district contract for construction work and economic incentives and disincentive.	SECTION 19. Same as House version.	SECTION 19. Same as House version.
SECTION 13. Adds Section 49.273 (l), Water Code, relating to security or surveillance systems or components of or additions to district facilities.	SECTION 20. Same as House version.	SECTION 20. Same as House version.
SECTION 14. Amends Section 49.278 (a), Water Code, relating to the nonapplicability of this subchapter.	SECTION 21. Same as House version.	SECTION 21. Same as House version.

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HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 15. Amends Section 49.303, Water Code, relating to excluding land or other property from the district.	SECTION 22. Same as House version.	SECTION 22. Same as House version.
SECTION 16. Amends Section 49.304 (a), Water Code, relating to a hearing on a proposed land or property exclusion from the district.	SECTION 23. Same as House version.	SECTION 23. Same as House version.
SECTION 17. Amends Section 49.351 (a), (k), and (l), Water Code, relating to fire-fighting activities within the district.	SECTION 24. Same as House version.	SECTION 24. Same as House version.
SECTION 18. Amends Section 49.455 (d), Water Code.	SECTION 25. Same as House version.	SECTION 25. Same as House version.
SECTION 19. Amends Section 54.201 (b), Water Code.	SECTION 26. Same as House version.	SECTION 27. Same as House version.
No equivalent provision.	SECTION __. Adds Section 53.029 (e), Water Code. (FA4)	SECTION 26. Same as Senate version.
SECTION 20. Adds Section 54.2052, Water Code, Plumbing Code.	SECTION 27. Same as House version, except adds that if a municipal regulation conflicts with a district regulation, the municipal regulation prevails. (FA3)	SECTION 28. Same as Senate version.
SECTION 21. Amends Section 54.234, Water Code, Acquiring Road Utility District Powers.	SECTION 28. Same as House version.	SECTION 29. Same as House version.
SECTION 22. Amends Section 54.503, Water Code, Manner Of Repayment Of Bonds.	SECTION 29. Same as House version.	SECTION 30. Same as House version.
SECTION 23. Amends Section 54.505, Water Code, Election On Tax Bonds.	SECTION 30. Same as House version.	SECTION 31. Same as House version.

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HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 24. Amends Section 54.739, Water Code, Substituting Land Of Equal Value, and Section 54.744, Water Code, Impairment of Security.	SECTION 31. Same as House version	SECTION 32. Same as House version.
SECTION 25. Adds Section 54.748, Water Code, Exclusion of Land For Failure To Provide Sufficient Services; Bonds Outstanding, and adds Section 54.749, Water Code, Tax Liability of Excluded Land; Bonds Outstanding.	SECTION 32. Same as House version.	SECTION 33. Same as House version.
SECTION 26. Amends Section 57.015 (b), Water Code.	SECTION 33. Same as House version.	SECTION 34. Same as House version.
SECTION 27. Amends Section 57.092 (a), Water Code.	SECTION 34. Same as House version.	SECTION 35. Same as House version.
SECTION 28. Amends Section 57.104, Water Code, Construction Of Improvements.	SECTION 35. Same as House version.	SECTION 36. Same as House version.
SECTION 29. Amends Section 57.108 (b), Water Code.	SECTION 36. Same as House version.	SECTION 37. Same as House version.
SECTION 30. Amends the heading of Section 57.116, Water Code, Engineer's Construction Report.	SECTION 37. Same as House version.	SECTION 38. Same as House version.
SECTION 31. Amends Section 57.116 (a), Water Code.	SECTION 38. Same as House version.	SECTION 39. Same as House version.
SECTION 32. Amends Section 57.117 (b), Water Code.	SECTION 39. Same as House version.	SECTION 40. Same as House version.
SECTION 33. Amends Section 57.118, Water Code, Compliance With Contract.	SECTION 40. Same as House version.	SECTION 41. Same as House version.
SECTION 34. Amends the heading of Subchapter E,	SECTION 41. Same as House version.	SECTION 42. Same as House version.

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HOUSE VERSION	SENATE VERSION	CONFERENCE
Chapter 57, Water Code, Engineer's Report.		
SECTION 35. Amends Sections 57.177(a) and (c), Water Code.	SECTION 42. Same as House version.	SECTION 43. Same as House version.
SECTION 36. Amends Section 57.208 (b), Water Code.	SECTION 43. Same as House version.	SECTION 44. Same as House version.
SECTION 37. Amends Section 57.216, Water Code, Providing For Additional Funds	SECTION 44. Same as House version.	SECTION 45. Same as House version.
SECTION 38. Amends Section 57.260 (a), Water Code.	SECTION 45. Same as House version.	SECTION 46. Same as House version.
SECTION 39. Amends Section 57.261, Water Code, Appointment Of Commissioners Of Appraisalment.	SECTION 46. Same as House version.	SECTION 47. Same as House version.
SECTION 40. Amends Sections 57.265 (c) and (d), Water Code.	SECTION 47. Same as House version.	SECTION 48. Same as House version.
SECTION 41. Amends Section 57.266 (a), Water Code.	SECTION 48. Same as House version.	SECTION 49. Same as House version.
SECTION 42. Amends Sections 57.267 (b), (c), and (d), Water Code.	SECTION 49. Same as House version.	SECTION 50. Same as House version.
SECTION 43. Amends Section 57.269 (a) and (b), Water Code.	SECTION 50. Same as House version.	SECTION 51. Same as House version.
SECTION 44. Amends Section 57.270 (e), (j), and (k), Water Code.	SECTION 51. Same as House version.	SECTION 52. Same as House version.



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HOUSE VERSION	SENATE VERSION	CONFERENCE
SECTION 45. Amends Section 57.273 (b), Water Code.	SECTION 52. Same as House version.	SECTION 53. Same as House version.
SECTION 46. Amends Section 57.274 (b), Water Code.	SECTION 53. Same as House version.	SECTION 54. Same as House version.
SECTION 47. Amends Section 57.275 (d), Water Code.	SECTION 54. Same as House version.	SECTION 55. Same as House version.
SECTION 48. Amends Section 67.010 (d), Water Code.	SECTION 55. Same as House version.	SECTION 56. Same as House version.
SECTION 49. Repeals the following provisions: (1) Sections 54.0163(e), 54.508, 57.094, 57.108(a), 57.154(b), and 57.156, Water Code; (2) Section 402.908, Local Government Code; and (3) Subchapter C, Chapter 441, Transportation Code.	SECTION 56. Same as House version.	SECTION 57. Same as House version.
No equivalent provision.	SECTION 57. (a) Except as provided by this section, a provision of a strategic partnership agreement entered into before December 31, 2003, that does not comply with Section 43.0751(f)(2), Local Government Code, as amended by this Act, is not enforceable after December 31, 2003, to the extent of the noncompliance. (FA1)	SECTION 58. (a) Same as Senate version.
No equivalent provision.	SECTION __ Section 43.127 (a), Local Government Code, as amended by this Act, applies to an area described by Section 43.123(e), Local Government Code, as added by this Act, that is annexed for limited purposes in connection with a strategic partnership agreement before, on, or after September 1, 2003. (FA1)	SECTION 59. (a) Same as Senate version.
No equivalent provision.	SECTION __ Section 43.127 (b), Local Government Code.	SECTION 59. (b) Same as Senate version.

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**HOUSE VERSION**

**SENATE VERSION**

**CONFERENCE**

For the 2003 tax year, the change in law made by Section 49.236, Water Code, applies only to a conservation and reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, and governed by Chapter 49, Water Code, that adopts its tax rate on or after September 1, 2003. For the 2003 tax year, a district that adopts its tax rate before September 1, 2003, is governed by the law as it existed prior to the effective date of this Act, and that law is continued in effect for that purpose. (FA1)(FA2)

No equivalent provision.

SECTION 57. (b) A permit issued before December 31, 2003, by a municipality with a population of 1.9 million or more remains valid until its expiration and shall be recognized by the county. (FA1)

SECTION 58. (b) Same as Senate version.

No equivalent provision.

SECTION 57. (c) A municipality with a population of 1.9 million or more may not enforce, under a strategic partnership agreement, a code provision that would otherwise require a building permit from the municipality after the effective date of this Act. (FA1)

SECTION 58. (c) Same as Senate version.

SECTION 57. (d) This section does not affect the validity or enforceability of a provision of a strategic partnership agreement that requires services or imposes fees if the services or fees relate to emergency services that were specifically requested by the board of a municipal utility district or if the services or fees have been approved by a state agency or a political subdivision that is not a party to the strategic partnership agreement. (FA1)

SECTION 58. (d) Same as Senate version.

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**HOUSE VERSION**

**SECTION 50. Effective date.**

**SENATE VERSION**

**SECTION 58. Same as House version.**

**CONFERENCE**

**SECTION 60. Same as House version.**